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CHINA EVERBRIGHT INTERNATIONAL LIMITED

中國光大國際有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 257)

CONTINUING CONNECTED TRANSACTIONS

The Board is pleased to announce that on 6 December 2019, the Company entered into (i) the New Deposit Services Master Agreement with CE Group, pursuant to which CE Group has agreed to provide, through CE Bank, deposit services to the Group in accordance with the terms thereunder for the three years ending 31 December 2020, 2021 and 2022; and (ii) the New Loan Services Master Agreement with CE Group, pursuant to which CE Group has agreed to provide, through CE Bank, loan services to the Group in accordance with the terms thereunder for the three years ending 31 December 2020, 2021 and 2022.

As at the date of this announcement, CE Group is the sole shareholder of CE Hong Kong, which is the indirect controlling shareholder of the Company indirectly holding approximately 42.01% equity interest in the Company, therefore CE Group and its associates, including CE Bank, are connected persons of the Company under Chapter 14A of the Listing Rules. As such, the transactions contemplated under each of the New Services Master Agreements constitute continuing connected transactions of the Company.

As the applicable percentage ratios in respect of each of the New Services Master Agreements exceed 0.1% but are less than 5%, the continuing connected transactions contemplated thereunder are subject to the reporting and announcement requirements only but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

I. INTRODUCTION

Reference is made to the announcement of the Company dated 7 December 2016 in relation to continuing connected transactions (including provision of deposit services and loan services) between the Company and CE Group for the three years ending 31 December 2017, 2018 and 2019.

The Board is pleased to announce that on 6 December 2019, the Company entered into (i) the New Deposit Services Master Agreement with CE Group, pursuant to which CE Group has agreed to provide, through CE Bank, deposit services to the Group in accordance with the terms thereunder for the three years ending 31 December 2020, 2021 and 2022; and (ii) the New Loan Services Master Agreement with CE Group, pursuant to which CE Group has agreed to provide, through CE Bank, loan services to the Group in accordance with the terms thereunder for the three years ending 31 December 2020, 2021 and 2022.

II. THE NEW DEPOSIT SERVICES MASTER AGREEMENT

The principal terms of the New Deposit Services Master Agreement are summarized below:

Date:	6 December 2019
Parties:	(i) The Company; and (ii) CE Group
Services to be provided:	Provision of deposit services by CE Group, through CE Bank, to the Group
Term:	The New Deposit Services Master Agreement shall take effect from 1 January 2020 and shall expire on 31 December 2022.
Payment:	The time and means of payment is to be agreed by the parties with reference to customary business terms through arm's-length negotiations.

Others: The New Deposit Services Master Agreement shall be on a non-exclusive basis and the Company is at liberty to obtain deposit services from other third parties. Members of the Group shall enter into separate agreements with CE Group or CE Bank to set out the specific terms for the relevant deposit services to be procured.

CE Group shall procure CE Bank to provide to the Group deposit services (including current and fixed term deposit) in accordance with rules and regulations prescribed by the PBOC and/or other relevant rules and regulations within or outside the PRC.

The deposit services to be provided by CE Group shall be on normal commercial terms and no less favourable than the terms available to the Group from independent third parties.

Historical Figures and Proposed Annual Monetary Caps

The following table sets out the amounts of historical transactions for deposit services provided by CE Bank to the Group for the two years ended 31 December 2018 and the eleven months ended 30 November 2019:

	For the year ended 31 December		For the eleven months ended
	2017	2018	30 November
	<i>HK\$</i>	<i>HK\$</i>	<i>2019</i>
			<i>HK\$</i>
Maximum daily closing balance of deposits (including interests accrued thereon)	949,254,000	1,323,939,000	1,753,195,000

The following table sets out the pricing standard and the proposed annual monetary caps of the continuing connected transactions contemplated under the New Deposit Services Master Agreement:

	For the year ending 31 December		
	2020	2021	2022
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Maximum daily closing balance of deposits (including interests accrued thereon)	1,800,000,000	1,800,000,000	1,800,000,000
Pricing standard	The interest rate for deposit services shall be based on normal commercial terms, agreed through arm's-length negotiations between the parties and no less favourable than the terms available to the Group from independent third parties.		

Basis for the Annual Monetary Caps Contemplated under the New Deposit Services Master Agreement

The Directors (including the independent non-executive Directors) consider that it is in the interests of the Company to enter into the transactions under the terms and conditions set out in the New Deposit Services Master Agreement. The Directors have determined the annual monetary caps for the deposit services with reference to a number of factors, including (i) the historical figures of the maximum closing balance (including interest accrued thereon) of deposits in previous years, (ii) the expected continuous growth in assets and amount of deposits of the Group, and (iii) the business development plans and financial needs of the Group.

III. THE NEW LOAN SERVICES MASTER AGREEMENT

The principal terms of the New Loan Services Master Agreement are summarized below:

- Date: 6 December 2019
- Parties: (i) The Company; and
(ii) CE Group
- Services to be provided: Provision of loan services by CE Group, through CE Bank, to the Group.
- Term: The New Loan Services Master Agreement shall take effect from 1 January 2020 and shall expire on 31 December 2022.
- Payment: The time and means of payment is to be agreed by the parties with reference to customary business terms through arm's-length negotiations.
- Others: The New Loan Services Master Agreement shall be on a non-exclusive basis and the Company is at liberty to obtain loan services from other third parties. Members of the Group shall enter into separate agreements with CE Group or CE Bank to set out the specific terms for the relevant loan services to be procured.

CE Group shall procure CE Bank to provide loans (including revolving credit facility and fixed term loan) to the Group, in accordance with rules and regulations prescribed by the PBOC and/or other relevant rules and regulations within or outside the PRC.

The loans services to be provided by CE Group shall be on normal commercial terms and no less favourable than the terms available to the Group from independent third parties.

It is possible that the Group may need to pledge its assets for some of the loan facilities to be provided by CE Group under the New Loan Services Master Agreement, and such loans will be subject to the annual monetary caps as set out in this announcement. In the circumstances whereby the loans to be provided by CE Group are on normal commercial terms or better where no security over the assets of the Group is granted, such loan facilities will be fully exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules, and will not be subject to the annual monetary caps as set out in this announcement.

Historical Figures and Proposed Annual Monetary Caps

The following table sets out the amounts of historical transactions for loan services provided by CE Bank to the Group for the two years ended 31 December 2018 and the eleven months ended 30 November 2019:

	For the year ended 31 December		For the eleven months ended
	2017	2018	30 November
	<i>HK\$</i>	<i>HK\$</i>	2019
			<i>HK\$</i>
Maximum daily closing balance of loans (excludes loans which do not require security over the assets of the Group)	474,347,000	781,881,000	674,640,000

The following table sets out the pricing standard and the proposed annual monetary caps of the continuing connected transactions contemplated under the New Loan Services Master Agreement:

	For the year ending 31 December		
	2020	2021	2022
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Maximum daily closing balance of loans (excludes loans which do not require security over the assets of the Group)	1,800,000,000	1,800,000,000	1,800,000,000

Pricing standard The interest rate for loan services shall be based on normal commercial terms, agreed through arm's-length negotiations between the parties and no less favourable than the terms available to the Group from independent third parties.

Basis for the Annual Monetary Caps Contemplated under the New Loan Services Master Agreement

The Directors (including the independent non-executive Directors) consider that it is in the interests of the Company to enter into the transactions under the terms and conditions set out in the New Loan Services Master Agreement. The Directors have determined the annual monetary caps for the loan services with reference to a number of factors, including (i) the historical figures of the maximum closing balance of loans in previous years, (ii) the expected increase in the amount of loans required by the Group arising from the anticipated tremendous increase in the Group's future business operations, and (iii) the business development plans and financial needs of the Group.

IV. INTERNAL CONTROL MEASURES

In order to protect the interests of its shareholders, the Company will adopt the following internal control procedures in relation to its use of the services provided by CE Group, through CE Bank, under the New Services Master Agreements:

- the Group will comply with its internal control procedures in respect of related party transactions before the Company or any of its subsidiaries enters into any deposit services or any loan or credit facilities agreements with CE Bank;
- the finance departments of the Company shall obtain quotations from CE Bank and from at least two other independent banks for rates of deposits/loans of an equivalent amount and for the equivalent period, and will only use the deposits/loans services of CE Bank if the terms quoted by CE Bank are no less favourable than the terms quoted by such two other banks; and
- the deposit services or any loan or credit facilities entered into with CE Bank will be reviewed annually by the audit committee of the Company.

The Board considers that the above internal control procedures adopted by the Company in connection with the continuing connected transactions with CE Group are appropriate and sufficient, and will give sufficient assurance that the continuing connected transactions will be appropriately monitored by the Company.

V. REASONS FOR AND BENEFITS OF THE NEW SERVICES MASTER AGREEMENTS

The business and operation of the Group have been developing and expanding rapidly in recent years. The New Services Master Agreements were entered into for CE Bank to continue to provide deposit and loan services to the Group for the three years in 2020, 2021 and 2022 and setting new annual monetary caps for such years. The Directors believe that since CE Bank and the Group have a long-term relationship of cooperation, CE Bank has a better understanding of the operations and development of the Group and is in a better position to serve the financial needs of the Group. It is also expected that it will be cost-efficient, expedient and beneficial for the Group to receive deposit and loan services from CE Bank. In addition, CE Bank is regulated by China Banking and Insurance Regulatory Commission and is subject to the rules and requirements of such regulatory authority, thus reducing risks to the Group in receiving financial services from CE Bank.

The terms of the New Services Master Agreements have been agreed upon arm's-length negotiations between the Company and CE Group.

The Directors (including the independent non-executive Directors) are of the view that (i) the continuing connected transactions contemplated under the New Services Master Agreements will be carried out in the ordinary and usual course of business of the Company; (ii) the terms of the New Services Master Agreements are normal commercial terms, fair and reasonable, and in the interests of the Company and its shareholders as a whole; and (iii) the proposed annual monetary caps of the transactions contemplated under the New Services Master Agreements are fair and reasonable, and in the interests of the Company and its shareholders as a whole.

VI. LISTING RULES IMPLICATIONS

As at the date of this announcement, CE Group is the sole shareholder of CE Hong Kong, which is the indirect controlling shareholder of the Company indirectly holding approximately 42.01% equity interest in the Company, therefore CE Group and its associates, including CE Bank, are connected persons of the Company under Chapter 14A of the Listing Rules.

As such, the transactions contemplated under each of the New Services Master Agreements constitute continuing connected transactions of the Company. As the applicable percentage ratios in respect of each of the New Services Master Agreements exceed 0.1% but are less than 5%, the continuing connected transactions contemplated thereunder are subject to the reporting and announcement requirements only but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Cai Yunge, the executive Director and Chairman of the Board, has abstained from voting to approve each of the New Services Master Agreements and the proposed annual monetary caps in the Board meeting due to the fact that he has connected relationships with CE Group or CE Bank. Save as disclosed above, none of the Directors has a material interest in either of the New Services Master Agreements or is required to abstain from voting on the resolutions in relation to such transactions.

Subsidiaries of the Company which are also listed on the Stock Exchange, including CEGE and CEWL, will enter into separate framework agreements with CE Group or CE Bank for (i) deposit services provided by CE Bank pursuant to the New Deposit Services Master Agreement; and (ii) loan services provided by CE Bank pursuant to the New Loan Services Master Agreement to such subsidiaries, and will comply with the relevant requirements under Chapter 14A of the Listing Rules as and when appropriate. For the avoidance of doubt, the proposed annual monetary caps in respect of the New Services Master Agreements have taken into account and included the respective annual monetary caps applicable to such subsidiaries of the Group.

VII. GENERAL INFORMATION

The Group is a leading player in China and Asia’s environmental protection industries, as well as a world-renowned ecological and environmental management group, with its main businesses covering: waste-to-energy, food waste treatment, waste sorting, environmental sanitation integration, development of “zero-waste cities”, waste water treatment, reusable water, water supply, water environment management, biomass integrated utilisation, hazardous and solid waste treatment, ecological restoration, technology research and development, planning and designing, equipment manufacturing, analysis and testing, as well as environmental protection industrial parks. It has a business presence in over 180 locations across more than 20 provinces, municipalities and autonomous regions in China, as well as in overseas markets including Germany, Poland and Vietnam.

CE Group is the indirect controlling shareholder of the Company. It is a conglomerate which, through its subsidiaries and associates, engages in a diverse range of businesses including banking, securities and asset management.

CE Bank was incorporated as a joint stock company with limited liability in the PRC and is one of the major commercial banks in the PRC, and primarily engages in the commercial banking business, including retail banking, corporate banking and treasury operation, etc.

VIII. DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“associate”	has the meaning ascribed thereto under Chapter 14A of the Listing Rules
“Board”	the board of Directors
“CE Bank”	China Everbright Bank Company Limited* (中國光大銀行股份有限公司), a joint stock limited company incorporated in the PRC whose H shares and A shares are listed on the Stock Exchange (stock code: 6818) and the Shanghai Stock Exchange (stock code: 601818), respectively, and an associate of CE Group

“CE Group”	China Everbright Group Ltd.* (中國光大集團股份公司), a joint stock company incorporated in the PRC and the sole shareholder of CE Hong Kong, which is the indirect controlling shareholder of the Company
“CE Hong Kong”	China Everbright Holdings Company Limited (中國光大集團有限公司), a company incorporated under the laws of Hong Kong with limited liability and the indirect controlling shareholder of the Company
“CEGL”	China Everbright Greentech Limited (中國光大綠色環保有限公司), an exempted company incorporated in the Cayman Islands with limited liability, and a public company whose shares are listed on the Stock Exchange (stock code: 1257), and a non-wholly owned subsidiary of the Company
“CEWL”	China Everbright Water Limited (中國光大水務有限公司), a company incorporated in Bermuda with limited liability and a public company whose shares are dually listed on the Singapore Exchange Securities Trading Limited (stock code: U9E) and the Stock Exchange (stock code: 1857), and a non-wholly owned subsidiary of the Company
“Company”	China Everbright International Limited (中國光大國際有限公司), a company incorporated under the laws of Hong Kong with limited liability and whose shares are listed on the Stock Exchange (stock code: 257)
“connected person(s)”	has the meaning ascribed thereto under Chapter 14A of the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under Chapter 1 of the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Deposit Services Master Agreement”	the agreement entered into between the Company and CE Group on 6 December 2019, pursuant to which CE Group has agreed to provide, through CE Bank, deposit services to the Group in accordance with the terms thereunder for the three years ending 31 December 2020, 2021 and 2022
“New Loan Services Master Agreement”	the agreement entered into between the Company and CE Group on 6 December 2019, pursuant to which CE Group has agreed to provide, through CE Bank, loan services to the Group in accordance with the terms thereunder for the three years ending 31 December 2020, 2021 and 2022
“New Services Master Agreements”	the New Deposit Services Master Agreement and the New Loan Services Master Agreement
“PBOC”	The People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC”	The People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board
China Everbright International Limited
Poon Yuen Ling
Company Secretary

Hong Kong, 6 December 2019

As at the date of this announcement, the Board comprises: (i) five executive Directors, namely Mr. Cai Yunge (Chairman), Mr. Wang Tianyi (Chief Executive Officer), Mr. Wong Kam Chung, Raymond, Mr. Hu Yanguo and Mr. Qian Xiaodong; and (ii) four independent non-executive Directors, namely Mr. Fan Yan Hok, Philip, Mr. Mar Selwyn, Mr. Zhai Haitao and Mr. Suo Xuquan.

* *For identification purposes only*